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SIPDIS

SENSITIVE

USTR FOR NOVELLI/SAUMS
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SUBJECT: BILATERAL TRADE AGENDA WITH JORDAN

REF: AMMAN 3830

SENSITIVE BUT UNCLASSIFIED

1. (SBU) Ambassador Gnehm called on Trade Minister Salah al-Bashir July 1 to keep up the momentum on bilateral trade issues discussed with AUSTR Cathy Novelli during the recent World Economic Forum meetings in Jordan (ref). Bashir also mentioned follow-up on Jordan-Israel-Palestine and Jordan-Iraq issues he had discussed with Commerce U/S Aldonas and CPA economic adviser Reuben Jeffery. Also attending the meeting were Ministry Director General Amer al-Hadidi, assistant Rami Qussous, and the Jordanian commercial counselor in Washington, Maher Matalaka, as well as Econ/C Tom Goldberger.

2. (SBU) Accelerated FTA tariff Reductions.

Bashir said he would provide a prioritized list of requests by July 8. He said the request would focus on textile products and that Jordan would have no problem providing symmetrical reductions in its textile tariffs. Bashir added that he was considering asking for accelerated reductions other product categories and that he would clear the entire request with Finance Minister Marto. PLEASE ADVISE -- Bashir asked how the accelerations would be implemented on the U.S. side -- is legislation required?

3. (SBU) Bilateral Government Procurement Agreement.

Bashir said he would seek the Cabinet's approval to make the same offer to the United States that Jordan had submitted in the WTO GPA process. He was worried, however, that Jordan could be led to make concessions in bilateral negotiations with the U.S. that he would subsequently be obliged to offer to others in the WTO process. PLEASE ADVISE -- Bashir asked if procurement in Jordan using U.S. Foreign Military Assistance (FMF) funds would be possible after conclusion of a GPA.

4. (SBU) FTA Joint Commission Meeting.

As discussed in Washington last December, Bashir would like to hold the second JTC meeting in Jordan this fall. Commercial Counselor Matalaka will approach USTR to try to find a mutually convenient time (Ramadan and the subsequent Eid will run from approximately from October 25 through the end of November). Bashir would like Ambassador Zoellick to participate. If it were useful, he is ready to invite senior technical level officials from other Arab countries to Amman for follow-up MEFTA discussions with USTR. He also plans to build an investment event in Jordan around the FTA meeting.

5. (SBU) Jordan-Israel-Palestine Issues.

Bashir added that he had discussed a possible trilateral Jordanian-Israeli-Palestinian trade event in the United States with Commerce Under Secretary Aldonas. He said that Israeli trade minister Olmert had supported the idea in Bashir's bilateral meeting with Olmert. Also as discussed with U/S Aldonas, Bashir will work to get Israeli approval to expedite trade through the northern border crossing (Shaikh Hussain) using advanced x-ray equipment on the Jordanian side. Bashir hoped Secretary Evans would be able to attend the AmCham-sponsored AJEX (American Jordanian Exposition) conference that will be held in Amman October 22-23.

6. (SBU) Jordan-Iraq Issues.

Bashir said that he had also promised Aldonas a paper on the advantages Jordan offers for trade with Iraq. Following up on a separate meeting with CPA economic advisor Reuben Jeffery during the WEF, Bashir said he would be providing shortly a GOJ-approved "non-paper" describing outstanding bilateral issues with Iraq, including the status of the Iraq-Jordan goods for oil barter protocols, as well as Jordan's potential

contribution to rebuilding the Iraqi government and economy. He thought this paper could serve as an agenda for a bilateral meeting with CPA.

17. (SBU) Comment.

Moving forward on the above items -- along with the planned Joint Environmental Forum that should take place later this year -- basically constitutes our bilateral trade agenda with Jordan through the end of the year. Washington should be aware that between now and the end of the year there could well be a change in government following the recent Parliamentary elections. While this could mean some senior personnel changes, we believe that any government will see pursuing these initiatives as in its interest. Nonetheless, it will be important that we work closely with the Jordanians to maintain the energy and momentum injected by the WEF meetings. The Embassy appreciates the engagement of USTR, Commerce, State and other Washington agencies in building this model relationship in the region.

GNEHM